

Message Text

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ACTION EUR-12

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TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 DODE-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1159

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMCONSUL LENINGRAD

AMEMBASSY LONDON

AMCONSUL MUNICH

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AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY SOFIA

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E.O. 11652: N/A

TAGS: ECON, ETRD, EWWT, EAGR, COMECON, UR

SUBJECT: KOSYGIN ELECTION SPEECH: ECONOMIC AND FOREIGN TRADE

ASPECTS

1. SUMMARY - CANDIDATE KOSYGIN, IN HIS JUNE 11 CAMPAIGN SPEECH,
TOUCHED ON VARIOUS PROBLEMS OF DOMESTIC INDUSTRIAL AND
AGRICULTURAL DEVELOPMENT; RE-ITERATED THE NOW-FAMILIAR GENERAL
DIRECTIONS OF SOVIET INDUSTRIAL POLICY; PRAISED THE VIRTUES OF
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CEMA INTEGRATION (ALLEGING THAT AGGREGATE ANNUAL CEMA INDUSTRIAL

PRODUCTION NOW EXCEEDS BOTH AHT OF US AND OF WESTERN EUROPEAN NATIONS); AND REFERRED TO RECENT "DISCRIMINATORY" US TRADE LEGISLATION AS "ZIGZAG" IN US-USSR BILATERAL RELATIONS. SEPTEL REPORTS POLITICAL ASPECTS. END SUMMARY

2. SPEAKING AS CANDIDATE FOR RSFSR SUPREME SOVIET FROM MOSCOW'S FRUNZENSKIY ELECTION DISTRICT, COUNCIL OF MINISIERS CHAIRMAN KOSYGIN JUNE 11 DELIVERED LONG SPEECH TO REPRESENTATIVES OF DISTRICT'S VOTERS, ASSEMBLED IN BOL'SHOY THEATER. KOSYGIN'S LENGTHY REMARKS ON DOMESTIC ECONOMICS WERE PRECEDED BY ASSERTION THAT PARTY SEES THE "BASIC POLITICAL REUSLTS" OF RECENT YEARS IN COUNTRY'S ECONOMIC PROGRESS. SOVIET UNION'S ACCUMULATED PRODUCED NATIONAL WEALTH BY END OF CURRENT FYP WILL TOTAL OVER 1.6 TRILLION RPT TRILLION RUBLES (IN 1965 PRICES -- UP 35 PERCENT OVER TOTAL AT END OF EIGHTH FYP). OVER 2000 "MAJOR" INDUSTRIAL ENTERPRISES WILL HAVE COME ON STREAM DURING NINTH FYP.

3. IN DISCUSSING PROBLEMS IN INDUSTRY, KOSYGIN HEWS TO NOW-FAMILIAR MAIN THEMES OF CURRENT SOVIET INDUSTRIAL POLICY:

-- HEIGHTENING LABOR PRODUCTIVITY (CURRENTLY GROWING MORE SLOWLY THAN PLANNED IN "MANY BRANCHES" OF INDUSTRY);
-- MORE RATIONAL USE OF EXISTING PLANT AND EQUIPMENT (CURRENT MANAGEMENT REFORM, HE NOTES, SHOLD HELP ACCOMPLISH THIS TASK);
-- REDUCTION OF CAPITAL INVESTMENT FOR NEW CONSTRUCTION, RE-DIRECTING CAPITAL TO RENOVATION AND EXPANSION OF EXISTING FACTORIES;
-- REDUCTION OF LEVEL OF UNCOMPLETED CONSTRUCTION, WHICH NOW EXECCED NORMS BY "SIGNIFICANT AMOJNT";
-- CURTAILMENT OF PRODUCTION OF "TECHNICALLY OUTDATED" CAPITAL GOODS AND UNSTYLISH CONSUMER ITEMS ("WHICH ENJOY NO DEMAND AND SIPLY FILL SHELVES IN STORES").

4. IN AGRICULTURE KOSYGIN COVERED FAMILIAR GROUND, NOTING IN PARTICULAR POLICY OF CREATING "AGRO-INDUSTRIAL COMPLEXES" LIMITED OFFICIAL USE

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AND HORIZONTAL COOPERATION -- CUTTING ACROSS TERRITORIAL AND/OR MINISTERIAL BOUNDARIES -- TO ACHIEVE MUCH HIGHER EFFICIENCY AND EXPANDED LEVELS OF PRODUCTION. AIM, HE SAID, IS TO CREATE "THOSE MAJOR RESERVE FUNDS OF AGRICULTURAL PRODUCTION WHICH MAY BE NEEDED" AND TO "REDUCE THE DEPENDENCEY OF AGRICULTURE ON WEATHER CONDITIONS."

5. BASIC GOALS OF NINTH FYP IN AGRICULTURE ARE BEING FULFILLED,

KOSYGIN CONTINUED. CAPITAL INVESTMENTS FOR PERIOD IN AGRICULTURE WILL BE 131.4 BILLION RUBLES, UP 60 PERCENT OVER PREVIOUS FYP. DELIVERIES OF FERTILIZER WILL REACH ALMOST 300 MILLION TONS, MORE THAN DOUBLE THAT AVAILABLE DURING TWO PREVIOUS FIVE YEAR PLANS TAKEN TOGETHER. DURING 1971-75 PERIOD OVER 4.5 MILLION ADDITIONAL HECTARES OF IRRIGATED LAND WILL HAVE BEEN BROUGHT UNDER CULTIVATION. FURTHER DEVELOPMENT OF AGRICULTURE IN NON-CHERNOZEM ZONE AND IN MOSCOW OBLAST IS UNDERWAY.

6. TURNING TO FOREIGN ECONOMIC/TRADE RELATIONS, KOSYGIN CITES FIRST OF ALL BENEFICIAL EFFECT CEMA "COMPLEX PROGRAM" HAS HAD ON INTEGRATION OF "SOCIALIST" ECONOMIES AND DEVELOPMENT OF NATIONAL ECONOMIES OF EACH CEMA COUNTRY. ACCORDING TO KOSYGIN ONE THIRD OF WORLD INDUSTRIAL PRODUCTION COMES FROM CEMA COUNTRIES, WHOSE AGGREGATE ANNUAL OUTPUT ALLEGEDLY NOW EXCEEDS THAT OF BOTH US AND WESTERN EUROPEAN NATIONS.

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